

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 48 – SB 1056

March 14, 2021

SUMMARY OF BILL: Creates a fund for use by public school systems for construction and maintenance of school buildings. Requires that 80 percent of the privilege taxes collected from sports wagering is distributed to this new account, rather than the Lottery for Education Account. Requires the State Treasurer to distribute the funds received to each public school based on the number of students enrolled at the end of each school year. States that the funds provided to these schools are outside of the Basic Education Program (BEP), and do not affect a public-school system's maintenance of effort.

ESTIMATED FISCAL IMPACT:

**Decrease State Revenue – Exceeds \$28,800,000/FY21-22 and Subsequent Years/
Lottery for Education Account**

**Increase Local Revenue – Exceeds \$28,800,000/FY21-22 and Subsequent Years/
Local Education Agencies**

Assumptions:

- The only three months of collections of privilege taxes from sports wagering were \$2,360,000 in November 2020, \$3,080,000 in December 2020, and \$4,300,000 in January 2021.
- The average of these three months of collections is \$3,246,666 $[(\$2,360,000 + \$3,080,000 + \$4,300,000) / 3]$; therefore, it is reasonably estimated that the average monthly collections will exceed \$3,000,000 into perpetuity.
- An estimated minimum of \$2,400,000 ($\$3,000,000 \times 80\%$) would be redistributed from the Lottery for Education Account into the newly created account and subsequently to the local education agencies each month: therefore, the annual redistribution would exceed \$28,800,000 ($\$2,400,000 \times 12$ months).
- Beginning in FY21-22, the recurring decrease in state revenue to the Lottery for Education Account and the equivalent recurring increase in local revenue to local education agencies is estimated to exceed \$28,800,000.
- Any impact on the Department of Treasury to implement the distribution of such funds will be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive style with a large, stylized 'B' and 'S'.

Bojan Savic, Interim Executive Director

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